



# **Investment Thesis**

# Solana SOL

| Token type | Native Currency         |
|------------|-------------------------|
| Price      | \$19.47                 |
| Sector     | Smart Contract Platform |
| Market Cap | \$8.03B                 |

#### **Key Figures**

| 52-Week Range               | \$7.95 - \$38.74 |
|-----------------------------|------------------|
| Market Rank                 | #10              |
| Market Capitalization       | \$8.03 billion   |
| Total Value Locked (TVL)    | \$314 million    |
| Annualized Protocol Revenue | \$7.50 million   |
| Circulating Supply          | 412,370,785      |
| Volume (24h)                | \$121,856,317    |
| ATH                         | \$258.93         |
| ATH Date                    | November 6, 2021 |
| Staking Yield (Annualized)  | 6.92%            |

Source: CoinGecko, DeFi Llama, Token Terminal, Staking Rewards. Data as of September 24, 2023

#### Overview

Solana is a smart contract platform focused on scalability. It was introduced by Anatoly Yakovenko in 2017 as a new blockchain architecture based on Proof-of-History (PoH) - a novel consensus mechanism for verifying order and passage of time between events. PoH uses a recursive verifiable delay function to hash incoming events and transactions. In other words, every transaction has a unique digital signature (hash), almost like a cryptographic timestamp. As a result, each node gets an "internal clock" that helps the network agree on time and ordering of events without having to sync with one another, enabling hardware to operate at capacity. Solana scales naturally with bandwidth, SSDs, and GPU cores. It is the only blockchain that adopts this scaling approach and is how Solana achieves a theoretical throughput of 65,000 transactions per second. The blockchain's native token SOL is used to secure the network through staking and as a medium of exchange - users must pay a small fee denominated in SOL every time they perform a transaction. Regarding its ecosystem, with nearly 1,500 monthly active developers, Solana is following a similar growth trajectory to Ethereum. As of September 2023, it has \$314 million of total value locked (TVL) across decentralized finance (DeFi) applications, while weekly NFT volumes surpass \$8 million.

- In October 2017, Yakovenko teamed up with former Qualcomm colleagues and founded Solana Labs.
- In March 2020, Solana launched on Mainnet Beta shortly after raising \$1.76 million in a public token auction hosted on CoinList.
- In April 2023, Saga, an Android phone leveraging the Solana Mobile Stack, was released to the public.
- In **September 2023, Solana Pay** integrated its plug-in with e-commerce company **Shopify**, while **Visa** expanded its USDC cross-border settlement pilot to include the Solana blockchain.

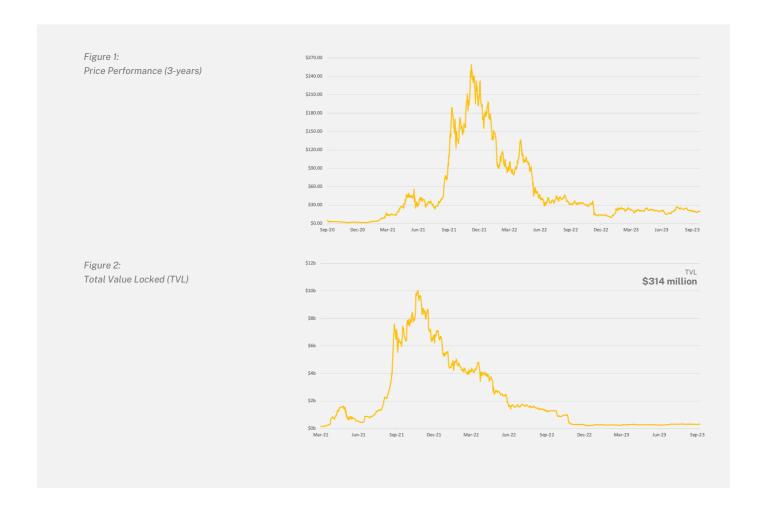
### **Key takeaways**

- Solana is a permisionless, **high-performance smart contract platform** based on Proof-of-History (PoH).
- With nearly **1,500 monthly active developers**, Solana is following a similar growth trajectory to Ethereum, a testament to its potential.
- Currently valued at \$8.03 billion.

## **Risk factors**

- Centralization risk. As hardware gets faster, so does the Solana network. This approach could result in a centralized architecture where a few machines are responsible for most of the network's processing.
- Scaling risk. Solana adopts a monolithic (also called integrated) scaling approach, which opposes the modular architecture espoused by networks like Ethereum or Celestia, in which various interoperable blockchains specialize and optimize to perform a given function.





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